CLASSIFICATION CONFIDENTIAL **CONFIDENTIAL**

CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

COUNTRY	China	DATE OF INFORMATION	1950
SUBJECT	Economic - Industrial and economic planning	DATE DIST.	29 May 1951
HOW PUBLISHED	Semimonthly periodical		
WHERE PUBLISHED	Peiping	NO. OF PAGES	4
DATE PUBLISHED	16 Jul 1950	SUPPLEMENT TO REPORT NO.	
LANGUAGE	Chinese		

THIS IS UNEVALUATED INFORMATION

SOURCE: Hsin Chien-she (New Reconstruction), Vol II, No 10, 1950.

CHINESE PERIODICAL DISCUSSES FUNCTION OF ECONOMIC PLANNING IN NATIONAL RECONSTRUCTION AND DEVELOPMENT

I

In a socialist state the vast labor force of the country is organized to engage in the tasks of production and reconstruction, making it possible for all workers to demonstrate and make full use of their abilities and experiences. National planning includes both exploring and utilizing the rich resources of the country, speedily and successfully accomplishing the task of national economic development and betterment. National planning points the way to prosperity for all workers; it promotes their material and cultural standard of living; it strengthens the national defense of the state.

The basic problem of planning is centered on the problem of total mobilization. During planning, all prerequisites and conditions for the completion of planning must be fully and carefully considered and weighed. Of first importance is the problem determining the average quantity and rate of increase of production (see II). This determination must be based on the highest average output reached after the most effective use of all labor and resources have been made, and the cost of production reduced to the minimum. Under such conditions, all workers must compare their work with the results achieved by the most efficient workers, not the average or the mediocre.

In fixing the rate of technical and economic progress, the output norm set for the workers must be closely correlated with that for machinery and equipment. If the workers are behind the norm assigned them, then the norm for machinery and equipment cannot be met. Therefore, to make effective use of machinery and equipment, workers must be highly skilled and efficient. In short, all aspects of technology and production must be closely correlated to insure the successful completion of economic plans.

When new economic computation is attempted in an industry, adjustment of output norms may have to be made. In this problem, as well as in all problems relating to the effective utilization of men and materials, the changes in [illegible] directors and [illegible]

CLASSIFICATION CONFIDENTIAL **CONFIDENTIAL**

STATE	X	NAVY	X	NSRB		DISTRIBUTION	
ARMY	X	AIR	X	FBI			

assignment of men and machinery are the responsibility of the directors and other managerial personnel in the industry. To obtain satisfactory results, close cooperation between the directors and workers of the industry is a matter of absolute necessity. Furthermore, constant attention must be paid to the functions and the progress of similar or related industries, since they all are organic units of the over-all national economic plan.

The most effective use of machinery and equipment can be made only with steady and proper use, and when there is a well-organized maintenance system for constant repair. Therefore, when plans are made, the maintenance system must also be planned.

Each plant must have a maintenance and repair system of its own, fully equipped to make any repairs that may be needed to insure the continued use of all machinery and equipment. When heavy or unmovable machine., is to be repaired, the maintenance and repair organizations of other industries can be used if necessary.

In a socialist country, all problems concerning the organization of maintenance and repair, whether of the Ministry of Heavy Industry or of other industries of the nation, are within the framework of national economic and industrial planning. For example, if one plant alone cannot repair railroad locomotives, the assistance of other plants must be enlisted. Therefore, with respect to such problems, the state must have definite plans and arrangements made beforehand.

Repairs and maintenance can be accomplished quickly if a proper system for such work is well organized. However, production is often decreased due to interruption for repairs. Therefore, when plans are made, the amount of the time for repair as well as the frequency must also be taken into account.

The improvement of machinery and equipment in industry is closely connected to the progress made in scientific research. Such improvements will greatly increase production. This is also a problem which must be taken into consideration in any industrial planning. Any change made in the productivity of one factory will have a profound effect on the progress of the other industries. Careful and circumspect plans must be made relating to the problem of equitable distribution of equipment among the various economic units in order to insure even development.

The causes of uneven development are as follows:

1. One plant fails to supply the finished products needed by a related industry; for example, the production of steel is 20,000 tons while the production of steel alloys is 30,000 tons; hence the steel supply for steel alloy is not fully met.

2. Any uneven development among the industries will impede the progress of all industries. For example, the shipbuilding industry needs 30,000 tons of steel plates for building ships; if the steel industry can supply it with only 20,000 tons, then the shipbuilding plan will have no chance of completion.

Unevenness of development does not always persist; on the contrary, it can be avoided or eliminated if meticulous care is taken during working and prior arrangements are made for its avoidance during planning.

Planning of the supply of raw materials, fuels, etc., is a rather difficult task. Accurate information is needed to work with in its composition. For instance, to guarantee uninterrupted work, the steel industry must have complete knowledge of the quantity and location of materials available. The question of capital available for the exploitation and transportation of such materials must also be taken into full consideration.

CONFIDENTIAL

All completed planning must be practical. In economic planning, close correlation must be made between industry and agriculture, since agriculture has the function of supplying many needs of industry.

The ultimate goal of industrial planning is to transform a country from an agricultural into an industrial state. Industrialization is an index of economic progress. In this stage of our planning, the emphasis is on heavy industry with which to provide the country a sound economic base. If this is done, the prosperity of all enterprises and undertakings, and the strengthening of our national defense are ensured.

II

In the process of production, there are many methods which can be used to determine the average production norm. The simplest one is by dividing the total quantities produced by the months in which they were produced. For example, January, 10,000 tons; February, 9,000 tons; March, 9,000 tons. The average equals 9,333 tons. From this example, it can be seen that average production has been increased in comparison with February and March; however, it is below that of January.

Another method is to make an estimate of the quantity which can be obtained by the most effective use of all resources available. If this method is used, one must make sure that this norm can actually be attained. In planning, the norm actually used lies between the arithmetical mean and the norm reached by the most advanced workers. To get an accurate figure, the following conditions must be considered:

1. The efficiency of the workers has a profound effect on the use of machinery. To make full use of machinery and to increase production, the workers must be highly proficient.

2. All processes of production must be well organized to obtain sound coordination among the various units.

3. All equipment must be kept in good condition to avoid interruption or stoppage of the work.

4. Technological processes must be constantly improved by using new machinery. If possible, automatic machines should be used so that a minimum of manual labor is necessary.

5. In production, constant attention should be given to avoiding any uneven development.

6. Arrangements must be made to insure the uninterrupted supply of raw materials and fuel.

It is to be noted that production is sometimes high and at other times low. Therefore, before the norm is established, careful study and analysis must be made to find out the causes which create such change. In the example given above, the high quantity reached in January was due to the following:

a. The iron ore used contained more iron than that used in the subsequent months.

b. The air blast was increased.

c. There were fewer interruptions.

Analyzing these factors we find: (1) due to the use of higher quality iron ore, production increased 400 tons; (2) due to increased blast, production increased 350 tons; and (3) due to lack of interruptions, production increased 250 tons. Later, when the furnace was in poor condition, a poor showing was made. From the above, we can conclude that the maximum constant index is 400 plus 350, or 750 tons. From this we can say that the mean progressive norm should be higher than the mathematical average of 9,333 tons, but below the maximum reached in January.

- E N D -